

## Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 /018 W

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R 201015Z MAY 75

FM AMCONSUL KARACHI

TO SECSTATE WASHDC 8866

AMEMBASSY ISLAMABAD

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E. O. 11652: N/A

TAGS: BEXP, PK

SUBJECT: MAJOR PROJECT: CHEMTEX/DUPONT PROPOSAL FOR  
POLYESTER PLANT

REF: KARACHI 0885

1. BEGIN SUMMARY DURING MAY 19 CALL ON MUMTAZ AHMED AND S.S.H. ZAIDI, STAFF MEMBERS OF TECHNICAL EVALUATION COMMITTEE FOR POLYESTER PROJECT, COMMERCIAL OFFICER OBTAINED FURTHER INFORMATION CONCERNING POSITION OF CHEMTEX/DUPONT IN ONGOING SELECTION PROCESS, WHICH AMPLIFIED INFO CONTAINED REFTEL. END SUMMARY

2. AHMED SAID THAT RATHER THAN MAKING FINAL CHOICE OF PARTNER FOR APPROVAL BY BIM CHAIRMAN RAFI RAZA, COMMITTEES HAD PRESENTED TWO OPTIONS INVOLVING FOUR FIRMS TO RAZA AND TOP ECHELON OF MINISTRY OF PRODUCTION. WHEN DECISION REACHED BY RAZA CONCERNING THESE OPTIONS, OR PERHAPS EVEN BEFORE SUCH DECISION REACHED, FIRMS INVOLVED WOULD BE INVITED BACK TO PAKISTAN FOR PRICE NEGOTIATIONS.

3. AHMED CONFIRMED ACCURACY OF RAZA STATEMENT TO KARACHI PRESS DURING MAY 15 VISIT HERE, THAT "NEGOTIATIONS WERE BEING HELD WITH FOUR FOREIGN FIRMS FOR TECHNICAL COLLABORATION IN SETTING UP OF BIG POLYESTER PLANT... THE FOUR FIRMS INCLUDE AN AMERICAN, A JAPANESE, A GERMAN, AND A SWISS GERMAN." ASKED IF THIS MEANT THAT ICI HAD BEEN EXCLUDED, AHMED SAID THAT ICI HAD BEEN INVOLVED IN "SHADY DEALINGS" AND HAD NOT  
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BEEN INCLUDED IN THE COMMITTEES' RECOMMENDATION SENT TO

ISLAMABAD. NONETHELESS, AHMED WOULD NOT STATE CATEGORICALLY THAT ICI WAS EXCLUDED SINCE ICI IS KNOWN TO HAVE CONTACTS AND INFLUENCE AT HIGHER LEVELS THAN THE TECHNICAL OR BID EVALUATION COMMITTEES.

4. AHMED CONFIRMED THAT DECISION IS NO LONGER IN HANDS OF ANY ONE IN KARACHI BUT NOW LIES WITH AUTHORITIES IN ISLAMABAD. AHMED OPINED THAT CHEMTEX AND TWO OR THREE OTHERS WOULD BE INVITED BACK TO KARACHI FOR FINAL PRICE NEGOTIATIONS, PERHAPS WITHIN NEXT 10 DAYS. WHEN ASKED IF ANYTHING COULD BE DONE AT THIS POINT BY EITHER U.S. MISSION OR CHEMTEX PERSONNEL, AHMED RECALLED THAT ICI CHAIRMAN HAD FLOWN TO PAKISTAN ABOUT THREE MONTHS AGO TO VISIT PERSONALLY THE PRIME MINISTER. AHMED SUGGESTED THAT U.S. AMBASSADOR MIGHT CONSIDER VISIT TO P.M. WHEN COMMERCIAL OFFICER POINTED OUT THAT APPROPRIATE REPRESENTATIONS HAD ALREADY BEEN MADE SEVERAL WEEKS AGO, AHMED SAID ALL COMPETITORS HAVE BEEN APPROACHING GOP OFFICIALS IN ISLAMABAD OVER PAST FEW WEEKS AND, HE THOUGHT, ANOTHER APPROACH BY U.S. AMBASSADOR WOULD BE ENTIRELY APPROPRIATE.

5. REGARDING ICI OFFER, CONSUL-IN-CHARGE LEARNED OVER WEEKEND FROM OTHER BUSINESS SOURCES THAT, ICI, AFTER BEING EXCLUDED FROM FURTHER CONSIDERATION ON "SHORT LIST" OF FOUR COMPANIES BY COMMITTEE HERE, HAD MANAGED, THROUGH HIGH LEVEL REPRESENTATIONS IN ISLAMABAD, TO HAVE ITS OFFER REINSTATED ON SHORT LIST NOW BEFORE RAZA. ICI REPORTEDLY HAS NOW EVEN AGREED TO TAKE 49 PERCENT MINORITY EQUITY IN ORDER TO ENHANCE CHANCES, A POSITION WHICH, WE HAVE REASON TO KNOW, ICI HAS RESIUCED IN PAST.

6. COMMENT: ABOVE INFORMATION FROM LOWER LEVEL PERSONNEL MORE OR LESS CONSISTENT WITH THAT PROVIDED BY FCCC CHAIRMAN MAHMOOD AHMED TO CIC, REPORTED REFTEL, EXCEPT THAT SCOPE OF DECISION LEFT TO ISLAMABAD MAY BE BROADER THAN CHAIRMAN INDICATED AND UP TO FOUR FIRMS MIGHT BE CALLED BACK FOR FURTHER NEGOTIATIONS. DECISION IN ISLAMABAD ON COMMITTEE RECOMMENDATIONS EXPECTED SHORTLY SINCE FCCC STILL DETERMINED OPEN LC'S BEFORE END OF FISCAL YEAR. ICI PROPOSAL REMAINS UNKNOWN QUANTITY AT THIS TIME BUT APPARENTLY LIMITED OFFICIAL USE

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ICI'S INFLUENCE AT HIGHER LEVELS OF GOP NOT INSIGNIFICANT.

7. ACTION RECOMMENDED: A) THAT EMBASSY CONTINUE PRESS CHEMTEX/ DUPONT CASE AT HIGHEST LEVELS. B) THAT CHEMTEX PREPARE FOR PROBABLE CALL FOR FINAL PRICE NEGOTIATIONS UNDER HIGHLY COMPETITIVE CONDITIONS SOON.  
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